

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

DIVISION OF CREDIT UNIONS

NEWSLETTER

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CREDIT UNION COMMISSION MEETS

The Credit Union Commission met by teleconference on August 28, 2003. Commission members in attendance were Pat Yokley, Bill Humpfer, Sharon Ichord, Cathy Stroud, and John Hanneke. Others attending were, Mike Wambolt, and Linda Manlove, Attorney General's Office; Becky Kilpatrick, Regulatory Counsel, Department of Economic Development, Jack Pletz, Attorney, James Deutsch, Attorney, Larry Giesing, St. Louis Postal Credit Union, Amy McClard, and Mike Winters, Missouri Credit Union Association;; Zurett Merridith and John P. Smith, Division of Credit Unions.

The Commission established the procedural schedule for hearing appeals of the Director's decision approving the field of membership expansions for Aerospace Community Credit Union, Alliance Credit Union, First Community Credit Union, St. Louis Postal Credit Union, and United Community Credit Union as follows:

1. Evidentiary hearing before the Commission is scheduled for November 19, 2003;
2. All parties shall have until Thursday, December 4, 2003, to file Proposed Findings of Fact, Conclusions of Law, Decision and a Legal Brief in Support of such party's position;
3. Final argument and submission for decision to the Credit Union Commission shall be at a meeting scheduled for Tuesday, December 9, 2003, at which the Commission will hear arguments, ask any questions and take the matter under advisement for decision.

The Director reported that a decision item is being prepared for the FY2004 Division of Credit Union's budget to appropriate funds to contract for the hearing officer.

The Director is submitting a proposal to amend RSMo 370.063 adding language providing authority for the Commission to hire a hearing officer to hear appeals and to make factual findings in any proceedings in connection with the appeals process.

The next regular Commission meeting will be held November 19, 2003 at 10:30 AM, Runge Nature Center, Jefferson City, Missouri.

FIELD OF MEMBERSHIP UPDATE

Springfield Telephone Employees Credit Union (now **Telcomm Credit Union**) submitted an application to include those persons who reside or work in the 417 telephone Area Code and the 573 (bordered on the north by I-70) telephone Area Code. The Director approved the expansion of **Springfield Telephone Employees Credit Union** to those in the 417 Area Code, but not the 573 Area Code. The decision was published in the November 15, 2000 Missouri Register. On November 30, 2000 the Missouri Bankers Association (MBA) and Century Bank of the Ozarks (CBO) filed an appeal of the decision to the Credit Union Commission. The Commission heard the appeal on March 29, 2001. On May 24, 2001 the Commission upheld the decision of the Director. On August 16, 2001, the decision was released and the Director filed **Springfield Telephone Employees Credit Union's** amended bylaws with the Secretary of State. On September 14, 2001, the MBA and CBO filed a petition for administrative review in Cole County Circuit Court.

On November 19, 2001, a hearing was held before Judge Tom Brown, Division 1, Circuit Court of Cole County. The motion to refer the case to another division of the court was granted and the case was referred to Judge Byron Kinder, Division 2. A motion to dismiss the case for lack of standing was heard on January 3, 2002. On January 29, 2002 the court ruled the plaintiffs lack standing to maintain causes of action set forth in their petition and ordered the plaintiffs' petition be dismissed. On March 11, 2002 the MBA and CBO filed an appeal of the decision in the Western Appellate Court of Appeals. Appellant's briefs were due June 3, 2002 with the respondent's briefs due July 3, 2002. A hearing by the Western Appellate Court was held on October 3, 2003 in Kansas City. On January 14, 2003, the Appellate Court upheld the decision of Cole County Circuit Court. On January 14, 2003, the MBA and CBO filed motions for a rehearing and transfer to the Missouri Supreme Court. The Appellate Court on March 4, 2003 denied the motions. On April 23, 2003, the Missouri Supreme Court issued an order transferring the case to their jurisdiction. Oral arguments are scheduled

for September 10, 2003. Briefs filed with the Supreme Court can be located at <http://www.osca.state.mo.us/sup/index.nsf?OpenDatabase>.

South Community Credit Union submitted an application for those who work or reside in Zip Codes 63109, 63111, 63116, 63123, 63125, 63128, 63129, and Crawford County, Franklin County, Gasconade County and Washington County. **Central Communications Credit Union** submitted an application for those persons who reside or work in the 816 telephone Area Code. The Director approved the applications submitted by **South Community and Central Communications Credit Unions**. These decisions were published in the November 15, 2000 Missouri Register. On November 30, 2000 the MBA and two local banks located in each of the two applicants' field of membership expansion areas filed appeals of the decisions to the Credit Union Commission. The Commission received the record of appeals from all parties on May 24, 2001. On August 9, 2001, the Commission upheld the decisions of the Director. The written decisions were released on January 25, 2002. On February 21, 2002, the MBA and the local banks filed a petition for administrative review in Cole County Circuit Court. Both cases were assigned to Judge Tom Brown, Division 1. On April 17 the cases were reassigned to Judge Byron L. Kinder, Division 2 and a motion was entered to stay the proceedings until the outcome of the Springfield Telephone Employees case was decided. The cases can be followed on the internet at <http://casenet.osca.state.mo.us/casenet/>; the case numbers are 02CV323402 and 02CV323401.

Vantage Credit Union (formerly **Educational Employees Credit Union**) submitted an application for those who live or work in St. Louis County, St. Charles County, Jefferson County, Cape Girardeau County and Franklin County. The application was published in the December 15, 2000 Missouri Register. The Director approved the application and his decision was published in the February 15, 2001 Missouri Register. On March 1, 2001 the MBA and two banks located in the applicant's field of membership expansion area filed an appeal of the decision to the Credit Union Commission. The Commission received the record of appeal of **Educational Employees Credit Union** on October 19, 2001 and established briefing schedules. On March 5, 2002, the Commission dismissed the appeal due to lack of standing. On July 18, 2002 the MBA and the two banks filed a Petition in Mandamus in Cole County Circuit Court. An order by Cole County District Court staying the case was entered on December 2, 2002. The case can be followed on the internet at <http://casenet.osca.state.mo.us/casenet/>; case number 02CV324797.

City Utilities Credit Union submitted an application for community residents and workers in Greene and Christian

Counties. The application was published in the June 1, 2001 Missouri Register. The Director approved the application and his decision was published in the August 1, 2001 Missouri Register. On August 14, 2001 the MBA and a local bank located within the applicant's field of membership expansion area filed an appeal of the decision to the Credit Union Commission. On August 8, 2002 the Commission heard and denied the appeal for lack of standing. The decision was released on December 9, 2002. On January 2, 2003, MBA and the local bank filed a Petition in Mandamus in Cole County Circuit Court. The case can be followed on the internet at <http://casenet.osca.state.mo.us/casenet/>; case number 03CV323001.

First Community Credit Union submitted an application for individuals who reside or work in the counties of Lincoln, Warren, Franklin, Washington, St. Francois, Ste. Genevieve, Pike, Montgomery, Gasconade and Crawford in the state of Missouri and the City of St. Louis. The application was published in the August 1, 2002 Missouri Register. The Director approved the application and his decision was published in the September 16, 2002 Missouri Register. On September 26, 2002 the MBA and a local bank located within the field of membership expansion area filed an appeal of the decision to the Credit Union Commission. The Commission at their October 31, 2002 meeting established the briefing schedule for the appeal. The Commission considered the appeal at their January 15, 2003 meeting heard but took no action. The Commission at their August 28, 2003 meeting established the procedural schedule for hearing the appeal.

Alliance Credit Union submitted an application for those who work or reside in St. Charles County or St. Louis County. The application was published in the November 15, 2002 Missouri Register. The Director approved the application and his decision will be published in the January 16, 2003 Missouri Register. On January 30, 2003, the MBA and Allegiant Bank filed an appeal of the Director's decision with the Credit Union Commission. The Commission at their August 28, 2003 meeting established the procedural schedule for hearing the appeal.

St. Louis Postal Credit Union submitted an application for those who live or work in the Zip Codes 63005, 63017, 63042, 63043, 63044, 63126, 63127 and St. Charles County. The application was published in the December 2, 2002 Missouri Register. The director approved the application and his decision will be published in the January 16, 2003 Missouri Register. A fifteen calendar period for appeal must occur before the decision is final. On January 30, 2003, the MBA and Midwest Bank Centre filed an appeal of the Director's decision with the Credit Union Commission. The Commission at their August 28, 2003 meeting established the procedural schedule for hearing the appeal.

United Community Credit Union, an Illinois chartered credit union, submitted an application for those who live or work in the Missouri counties of Lewis, Ralls and Marion. The application was published in the January 2, 2003 Missouri Register. The director approved the application and his decision was published in the February 18, 2003 Missouri Register. On March 4, 2003 the MBA and the Farmers and Merchants Bank and Trust Company filed an appeal of the Director's decision with the Credit Union Commission. The Commission at their August 28, 2003 meeting established the procedural schedule for hearing the appeal.

Aerospace Community Credit Union submitted an application for those who live or work in the remainder of St. Louis City, St. Louis County and St. Charles County that is not currently in the **Aerospace Community Credit Union's** field of members and those who live or work in Lincoln County. The application was published in the May 1, 2003 Missouri Register. The director approved the application and his decision was published in the July 1, 2003 Missouri Register. On July 14, 2003 the MBA and the First National Bank of St. Louis filed an appeal of the Director's decision with the Credit Union Commission. The Commission at their August 28, 2003 meeting established the procedural schedule for hearing the appeal.

Southeast Telephone Employees Credit Union submitted an application for persons who live or are employed in the Missouri Counties of St. Francois County, Ste. Genevieve County, and Madison County. The application was published in the August 1, 2003 Missouri Register. On August 14, 2003 the MBA and the New Era Bank filed an appeal of the Director's decision with the Credit Union Commission. On August 27, 2003, the application was amended to persons who live or are employed in the Missouri County of St. Francois thereby rendering the appeal moot. The application will be published in the October 1, 2003 Missouri Register. A ten business day period for comments must occur before a decision can be made.

Raytown-Lee's Summit Community Credit Union submitted an application for those who live in Zip Codes 64055, 64122, 64138, 64052, 64129, 64034, 64082, 64081, 64063, 64064 and 64086. The application will be published in the September 2, 2003 Missouri Register. A ten business day period for comments must occur before a decision can be made

From the Director...

With the September 2002 call reports all credit unions have been filing quarterly call reports. While this is an extra burden, we do appreciate the timeliness that most managers have exhibited in meeting what are not only state but also national deadlines.

In addition to supplying more timely information about your credit union, the information is also used in the examination process. All may not realize that future examinations will usually be as of quarter end using the most recently available call report data. While we make every effort to return reports to the credit union as quickly as possible, it is obvious the information will not be as timely as in the past. Use of the quarterly data also shortens the examination preparation time as a great deal of the information is now downloaded directly to the examiner's work papers, saving hours of manual input.

We also want to thank credit unions for their cooperative efforts during the examination. The examination is more efficient and more meaningful when procedures are followed and of course examiners spend less time in the credit union, a benefit for both you and us.

As you probably know with interest rates and loan demand down it has become increasingly difficult to make sufficient net income to meet the goals of the credit union. In many cases, fee income has not been sufficiently utilized. Credit unions should look at their fee structure and if they can charge less than the competition, both the member and credit union benefit. Additionally many credit unions have not given an adequate amount of consideration to cost containment. While several costs of operation are relatively fixed, many costs can also be variable or semi-variable. Credit unions should look to areas such as personnel costs, which is the single largest expense. Many credit unions allow salary increases every year, which in effect raises 25-50% of the cost of operations 2-5%. Controlling costs in today's environment is very important.



John P. Smith, Director